

## LNF & IHCIF Calculations Illustration

### - WINNEBAGO in Aberdeen area -

#### Given Data

- 4,005 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 21% = % Expenditures on purchased services, 79% = % expenditures in-house
- 100.6% = Cost index for purchasing health care in this geographic area
- 115.8% = Size cost index for in-house costs due to small or large size
- 108.7% = Aberdeen area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$620 per person for purchased services =  $21\% * 100.6\% * \$2,980$
- \$2,739 per person for in-house services =  $79\% * 115.8\% * \$2,980$
- \$3,358 per person total = \$620 (purchase) + \$2,739 (in-house)
- **\$3,651 per person total** adjusted for health status =  $\$3,358 * 108.7\%$
- **\$2,906 per person net cost** =  $\$3,651 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 4,005 users excluding wrap-around and collections)

- \$1,451 per person = local IHS allowance (excludes \$ for wrap-around)
- \$203 per person = expenditures elsewhere in Aberdeen area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,708 per person for OU users** =  $\$1,451 + \$203 + \$54$

#### LNF Calculation

- **46.8% Gross LNF** =  $\$1,708$  (expenditures) /  $\$3,651$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **58.8% Net LNF** =  $\$1,708 / \$2,906$  net cost ( $\$3,651 - \$745$  other)

#### IHCIF Allocation

- \$143,785 = \$ to raise LNF% from 58.8% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$5,015 Allocation** =  $\$143,785$  needed for 60% \* 3.488% IHCIF fraction

#### WINNEBAGO Unmet Needs

- **\$11,638,639 Net Total Need** =  $4,005$  users \*  $\$2,906$  net cost
- **\$4,799,240 Net Unmet Need** =  $(100\% - 58.8\% \text{ LNF}) * 4,005$  users \*  $\$2,906$  net cost